

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
FINANCIAL REPORT
DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/22/09

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
Lake Charles, Louisiana

December 31, 2008

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2-3
List of Principal Officials	4
FINANCIAL SECTION	
Report of Independent Auditors	5-6
Required Supplementary Information: Management's Discussion and Analysis	7-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statements of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheets - Governmental Fund	16
Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	17-19
Statement of Net Assets - Fiduciary Fund	20
Statement of Changes in Fiduciary Net Assets- Fiduciary Fund	21
Notes to Financial Statements	22-32
Required Supplementary Information:	
Budgetary Comparison Schedule	33
Special Revenue Fund	34-35
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	37

	Page
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL AND COMPLIANCE	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	38-40
Schedule of Findings and Questioned Costs	41
Summary Schedule of Prior Audit Findings	42

SOUTHWEST LOUISIANA CONVENTION
AND VISITORS BUREAU

December 31, 2008

BOARD OF DIRECTORS

Fran Sanchez - Chairman
Gayle Fisher
Diane Kane
Anne Monlezun
Jerry LeBlanc
Tracy French
Larry Lepinski
Mike Carrier
Jennifer Viccellio
Charles Timpa
Nick Zaver

EXECUTIVE DIRECTOR

Shelley Johnson

LEGAL COUNSEL

Terry Manuel - Assistant District Attorney
Eston Singletary - Attorney

McELROY, QUIRK & BURCH

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Carl W. Comeaux, CPA
Gus W. Schram, III, CPA, CVA
Robert M. Gani, CPA, MT
Mollie C. Broussard-Duncan, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA

Michael N. McGee, CPA
David M. DesOrmeaux, CPA



Otray J. Woods, Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Inactive
Barbara Hutson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired
Martin L. Chebotsky, CPA, CFE

CPE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Southwest Louisiana Convention and Visitors Bureau
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of Southwest Louisiana Convention and Visitors Bureau's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2009 on our consideration of the Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 34 through 35, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwest Louisiana Convention and Visitors Bureau's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Southwest Louisiana Convention and Visitors Bureau. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
June 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Southwest Louisiana Convention and Visitors Bureau's financial performance provides an overview of the Southwest Louisiana Convention and Visitors Bureau's financial activities for the year ended December 31, 2008.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Southwest Louisiana Convention and Visitors Bureau as a whole and present a longer-term view of the Southwest Louisiana Convention and Visitors Bureau's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Bureau's operations in more detail than the government-wide statements by providing information about the Bureau's most significant funds. The remaining statements provide financial information about activities for which the Bureau acts solely as an agent for the benefit of those outside the government.

Reporting the Southwest Louisiana Convention and Visitors Bureau as a Whole

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the Bureau as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Bureau's net assets - the difference between assets and liabilities - as one way to measure the Bureau's financial position. Over time, increases and decreases in the Southwest Louisiana Convention and Visitors Bureau's net assets are one indicator of whether its financial health is improving or deteriorating.

Reporting the Bureau's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Bureau as a whole. Some funds are required to be established by law. However, the Bureau establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain money. Southwest Louisiana Convention and Visitors Bureau's governmental fund uses a certain account approach described below:

Governmental funds - All of the Bureau basic services are reported in governmental funds, except for one fiduciary fund. The governmental fund focuses on how money flows into and out of those funds and the balance left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Bureau's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Bureau programs.

Reporting the Bureau's Fiduciary Responsibilities

The Bureau is the agent, or fiduciary for the deferred compensation plan. All the Bureau's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the Bureau's other financial statements because the Bureau cannot use these assets to finance its operations. The Bureau is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Bureau as a Whole

For the year ended December 31, 2008, net assets changed as follows:

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 4,515,546	\$ 4,066,115
Capital assets	<u>2,074,112</u>	<u>2,172,560</u>
Total assets	<u>6,589,658</u>	<u>6,238,675</u>
Long-term debt outstanding	(425,000)	(500,000)
Other current liabilities	<u>(275,037)</u>	<u>(343,098)</u>
Total liabilities	<u>(700,037)</u>	<u>(843,098)</u>

	Governmental Activities	
	2008	2007
Net assets:		
Invested in capital assets, net of debt	1,649,112	1,672,560
Unrestricted	4,240,509	3,723,017
Total net assets	<u>\$ 5,889,621</u>	<u>\$ 5,395,577</u>

The increase in revenues from the occupancy tax is as a result of increased occupancy due to housing Hurricane Gustav and Hurricane Ike victims. Insurance proceeds are from Hurricane Ike. The following table provides a summary of the Bureau's change in net assets.

	Governmental Activities	
	2008	2007
Program revenues:		
Occupancy tax	\$ 3,361,527	\$ 2,967,657
CDBG	451,774	498,225
Intergovernmental	750	10,000
Advertising	47,176	21,120
Gift shop	17,853	16,119
General revenues:		
Interest	78,864	136,137
Grants/insurance revenue from hurricane	374,983	90,006
Miscellaneous	1,419	17,939
Total revenues	<u>4,334,346</u>	<u>3,757,203</u>
Program expenses:		
Salaries and benefits	803,479	754,200
Advertising, sales and promotions	1,552,605	1,063,858
Grants	593,910	542,281
Other program expenses	749,352	424,750
Interest	20,127	22,475
Depreciation	120,829	106,766
Total expenses	<u>3,840,302</u>	<u>2,914,330</u>
Increase in net assets	<u>\$ 494,044</u>	<u>\$ 842,873</u>

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed on top with revenues from that particular program reported below. The result is a Net (Expense)/Revenue. It also identifies how much each function adds to the general revenues or if it is self-financing through fees.

The following table presents the cost of the Bureau's programs, including the net cost (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial benefit that was provided to the Bureau by this function.

	<u>Total Cost of Services</u>		<u>Net Benefit of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Tourism	<u>\$ 3,840,302</u>	<u>\$ 2,914,330</u>	<u>\$ 38,778</u>	<u>\$ 598,791</u>

The Bureau's Funds

The following schedule presents a summary of the special revenue funds and expenditures for the years ended December 31, 2008 and 2007. Also presented on the schedule is the amount and percentage of increase or decrease from amounts for the year ended December 31, 2008.

	<u>Totals</u>		<u>Change</u>	<u>%</u>
	<u>2008</u>	<u>2007</u>	<u>from 2007</u>	<u>Variance</u>
Revenues:				
Occupancy tax	\$ 3,361,527	\$ 2,967,657	\$ 393,870	13.27%
Interest and dividends	78,864	136,137	(57,273)	-42.07%
CDBG grant	451,774	498,225	(46,451)	-9.32%
Gift shop	17,853	16,119	1,734	10.76%
Intergovernmental	750	10,000	(9,250)	-92.50%
Cooperative advertising	47,176	21,120	26,056	123.37%
Insurance and grants for hurricane	374,983	90,006	284,977	316.62%
Miscellaneous	1,419	17,939	(16,520)	-92.09%
Total revenues	<u>\$ 4,334,346</u>	<u>\$ 3,757,203</u>	<u>\$ 577,143</u>	<u>15.36%</u>
Expenditures:				
Advertising, sales and promotions	\$ 1,552,605	\$ 1,063,858	\$ 488,747	45.94%
Personnel services	619,169	588,256	30,913	5.26%
Payroll taxes	47,929	44,513	3,416	7.67%
Employee benefits	136,381	121,431	14,950	12.31%
Accounting	14,000	18,350	(4,350)	-23.71%
Automobile	26,386	22,663	3,723	16.43%
Building maintenance	224,928	11,919	213,009	1787.14%
Equipment contracts	62,671	77,409	(14,738)	-19.04%
Gift shop	17,335	17,958	(623)	-3.47%
Insurance-general	45,231	28,590	16,641	58.21%
Legal/professional fees	273,124	130,683	142,441	109.00%
Miscellaneous	10,760	6,979	3,781	54.18%
Office	42,153	78,022	(35,869)	-45.97%
Utilities	32,463	31,822	641	2.01%
Vending	300	355	(55)	-15.49%
Grants	593,910	542,281	51,629	9.52%
Capital outlay	22,382	412,198	(389,816)	-94.57%
Bond retirement	75,000	115,000	(40,000)	-34.78%
Interest expense	20,127	22,475	(2,348)	-10.45%
Total expenditures	<u>\$ 3,816,854</u>	<u>\$ 3,334,762</u>	<u>\$ 482,092</u>	<u>14.46%</u>

Revenue:

- Occupancy tax revenue increased 13.27% due to the new hotels opening in 2008 and increased occupancy post Ike.
- Cooperative advertising revenue increased 123.37% due to new projects being developed such as the Getaway Guide buy in.
- Insurance and FEMA grants revenue increased 316.62% because the FEMA grants for Hurricane Rita were received in 2008 and Hurricane Ike payments were also received in 2008.

Expenses:

- Advertising, sales and promotions expenses increased 45.94% as a result of the CDBG grant concluding in June 2008 and the board approving additional expenditures in July 2008. The increase was done to maintain a high level of publicity and promotion once the CDBG grant funds concluded.
- Building maintenance increased 1787.14% for major repairs due to Hurricane Ike in 2008.
- Legal/professional fees increased by 109.00% due to the ongoing legal proceedings against our insurance carrier, EMC, for wind and rain damage from Hurricane Rita. Our CPA consultant reinstalled our accounting software after installing a new computer server.
- Capital outlay decreased by 94.57% as the majority of building/storm repairs was completed in 2007.

Significant Budget Variances

Over the course of the year, the Bureau revised the special revenue fund budget five times. These amendments increased budgeted revenues by \$740,383 and increased budgeted expenditures by \$480,213. A list of the major changes from the original budget and explanations for those changes are as follows:

Revenues:

Increase \$550,594 Occupancy Tax: Taxes collected on the hotel/motel tax were greater than projected at the beginning of the year. Post Hurricanes Gustav and Ike, the hotels ran a high occupancy for the year.

Increase \$219,126 FEMA/Insurance: Revenue added to the budget for Hurricane Ike claims.

Increase \$32,176 Cooperative Advertising: New projects being developed such as the Getaway Guide buy in.

Expenses:

Increase \$113,224 Media Advertising: As a result of the CDBG grant concluding in June 2008 and the board approving additional expenditures in July 2008. The increase was done to maintain a high level of publicity and promotion once the CDBG grant funds concluded.

Increase \$27,655 Printed Literature: The Branding campaign was completed and the new logo design resulted in the development of new graphics and stationary (business cards, letterhead, envelopes, and notepads) being reprinted.

Decrease \$20,000 Business Promotion: Decrease is due to the Bureau cancelling several promotions and FAM Tours originally scheduled for 2008.

Decrease \$20,500 Tradeshows, Conferences and Seminars: Due to a transition in staff and hurricanes, the Bureau was unable to attend trade shows and conferences as planned.

Decrease \$48,500 Travel: Due to a transition in staff and hurricanes, the Bureau was unable to attend trade shows and conferences as planned.

Increase \$311,330 Grant Program: A \$150,000 grant to Creole Nature Trail previously approved for 2009 was made in December, 2008. Also, new grants that were not originally budgeted in January for example, Mardi Gras Museum of Imperial Calcasieu, Lake Charles Little Theatre, and Rouge et Blanc increased the budget.

Increase \$225,100 Building Maintenance: Repairs due to Hurricane Ike.

Increase \$200,600 Legal/Professional Fees: Increase due to the legal proceedings against our insurance carrier, EMC, for wind and rain damage for Hurricane Rita. We also hired a CPA consultant for our accounting software conversion.

Decrease \$115,623 Bond Retirement: the CVB incorrectly budgeted for the bond retirement category. This error was found and amended by the board.

Capital Assets

At the end of December 31, 2008 and 2007, the Bureau had \$2,074,112 and \$2,172,560, respectively, in capital assets. See Note 3 for additional information about changes in capital assets during the year. The following table provides a summary of capital asset activity:

Capital Assets
(net of depreciation)

	<u>2008</u>	<u>2007</u>
Building	\$ 1,940,412	\$ 1,997,457
Transportation equipment	40,194	37,077
Furniture and fixtures	<u>93,506</u>	<u>138,026</u>
	<u>\$ 2,074,112</u>	<u>\$ 2,172,560</u>

Long-Term Debt

At the end of the fiscal year, the Bureau had total bonded debt outstanding of \$425,000, a decrease from last year as follows:

Outstanding Debt at Year-End

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenue Bonds (backed by specific tax and fee revenues)	<u>\$ 425,000</u>	<u>\$ 500,000</u>

See Note 4 for additional information.

Economic Factors

By Summer 2009, there will be new hotel infrastructure on line with four new hotels with 325 rooms.

Contacting the Bureau's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Bureau's finances and to show the Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bureau's office at 1205 North Lakeshore Drive; Lake Charles, Louisiana.

Shelley Johnson, Executive Director

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,898,712
Investments	110,687
Accounts receivable	490,928
Prepaid expenses	<u>15,219</u>

Total current assets	4,515,546
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NONCURRENT ASSETS

Capital assets, net of accumulated depreciation	<u>2,074,112</u>
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Total assets	<u>6,589,658</u>
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CURRENT LIABILITIES

Accounts payable	124,178
Accrued salaries	30,601
Payroll taxes payable	2,821
Deferred revenue	6,750
Deferred compensation benefits	<u>110,687</u>

Total current liabilities	<u>275,037</u>
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NONCURRENT LIABILITIES

Bonds payable:	
Due within one year	80,000
Due in more than one year	<u>345,000</u>
	<u>425,000</u>

Total liabilities	<u>700,037</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,649,112
Unrestricted	<u>4,240,509</u>

Total net assets	<u>\$ 5,889,621</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended December 31, 2008

	Functions/Programs			
	Operating	Promotional	Grants	Total
Expenses:				
Salaries and benefits	\$ 173,712	\$ 629,767	\$ -	\$ 803,479
Advertising, sales and promotions	-	1,552,605	-	1,552,605
Grants	-	-	593,910	593,910
Other program expenses	749,352	-	-	749,352
Interest	20,127	-	-	20,127
Depreciation	26,123	94,706	-	120,829
Total expenses	969,314	2,277,078	593,910	3,840,302
Program revenues:				
Occupancy tax	969,314	2,392,213	-	3,361,527
CDBG grant	-	451,774	-	451,774
Intergovernmental	-	750	-	750
Gift shop	-	17,853	-	17,853
Advertising revenues	-	47,176	-	47,176
Net program expense (income)	\$ -	\$ (632,688)	\$ 593,910	(38,778)
General revenue:				
Interest, dividends				78,864
Insurance revenue from hurricane				374,983
Miscellaneous				1,419
Total general revenues				455,266
Change in net assets				494,044
Net assets - beginning				5,395,577
Net assets - ending				\$ 5,889,621

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

BALANCE SHEET - GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

December 31, 2008

ASSETS

Cash and cash equivalents	\$ 3,898,712
Investments	110,687
Accounts receivable	490,928
Prepaid expenses	<u>15,219</u>
 Total assets	 <u>\$ 4,515,546</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 124,178
Accrued salaries	30,601
Payroll taxes payable	2,821
Deferred revenue	6,750
Deferred compensation benefit	<u>110,687</u>
Total liabilities	<u>275,037</u>

Fund equity:

Fund balance:	
Unreserved:	
Designated for special projects	2,782,383
Undesignated	<u>1,458,126</u>
Total fund equity	<u>4,240,509</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$177,175	2,074,112
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Some liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds	<u>(425,000)</u>
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Net assets of government activities	<u>\$ 5,889,621</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
SPECIAL REVENUE FUND

Year Ended December 31, 2008

Revenues:

Occupancy tax	\$ 3,361,527
CDBG grant	451,774
Interest, dividends	78,864
Gift shop	17,853
Intergovernmental	750
Advertising revenues	47,176
Miscellaneous	1,419
Total revenues	<u>3,959,363</u>

Expenditures:

Advertising, sales and promotions:

Ad specialties	37,018
Film and video	5,321
Business promotion	225,504
Convention services	21,768
CDBG marketing program	451,774
Conferences and seminars	31,503
Media advertising	475,693
Membership	22,326
Newsletter/public affairs	18,170
Outdoor advertising	18,827
Postage	45,112
Printed literature	68,614
Telephone	23,498
Travel	107,477
Total advertising, sales and promotions	<u>1,552,605</u>

Personnel services:

Salaries-full time	617,184
Contract labor	1,985
Payroll taxes	47,929
Employee benefits	136,381
Total personnel services	<u>803,479</u>

Operations:

Accounting	14,000
Automobile	26,386
Building maintenance	224,928
Equipment contracts	62,671
Gift shop	17,335

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
SPECIAL REVENUE FUND

Year Ended December 31, 2008
(Continued)

Expenditures (cont.):	
Operations (cont.):	
Insurance-general	45,231
Legal fees	273,124
Miscellaneous	10,760
Office	42,153
Utilities	32,463
Vending	300
Total operations	<u>749,351</u>
Grants:	
Arts and tourism and non-profit matching grants	<u>593,910</u>
Capital outlay:	
Building	4,225
Furniture and equipment	18,157
Total capital outlay	<u>22,382</u>
Debt service:	
Bond retirement	75,000
Interest expense and fees	20,127
Total debt service	<u>95,127</u>
Total expenditures	<u>3,816,854</u>
Excess of revenues over expenditures	142,509
Other financing sources:	
Insurance revenue from hurricane	<u>374,983</u>
Net change in fund balance	517,492
Fund balance - beginning	<u>3,723,017</u>
Fund balance - ending	<u>\$ 4,240,509</u>

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Year Ended December 31, 2008

(Continued)

Reconciliation of the change in fund balances -
total governmental funds to the change in net
assets of governmental activities:

Net change in fund balances-total governmental funds \$ 517,492

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay while
governmental activities report depreciation
expense to allocate those expenditures over
the life of the assets:

Capital asset purchases capitalized 22,381
Depreciation expense (120,829)

Repayment of bond principal is an expenditure
in the governmental funds, but the repayment
reduces long-term liabilities in the statement
of net assets.

75,000

Change in net assets of governmental activities \$ 494,044

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
December 31, 2008

ASSETS

Investments	<u>\$ 193,787</u>
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LIABILITIES

Deferred compensation benefits	<u>\$ 193,787</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
Year Ended December 31, 2008

ADDITIONS	
Employee and employer contributions	\$ 30,977
DEDUCTIONS	
Net depreciation in fair value of investments	<u>24,431</u>
Change in net assets	6,546
Net assets held in agency funds:	
Beginning of year	<u>187,241</u>
End of year	<u>\$ 193,787</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Southwest Louisiana Convention and Visitors Bureau have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Bureau's more significant accounting policies are described below.

A. NATURE OF BUSINESS

The operations of the Southwest Louisiana Convention and Visitors Bureau are to promote conventions and tourism in the Calcasieu Parish area.

B. REPORTING ENTITY

The Southwest Louisiana Convention and Visitor's Bureau was created in 1972 by an Act of the Louisiana Legislature. That Act was amended and reenacted by Act 47 to create the Bureau as a political subdivision of the State of Louisiana effective for 1997 with the purpose of promoting conventions and tourism in the Calcasieu Parish area. During 2000 the Louisiana Legislature increased the seven person governing board to an eleven person Board of Directors. The following governmental bodies appoint members to and are represented on the Board:

Calcasieu Parish Police Jury-six members
The City of Lake Charles-three members
West Calcasieu Community Center Authority-one member
The City of Sulphur-one member

The financial statements of the Bureau include all operations and activities of the Bureau under control and authority of the Board of Directors and it was determined that no other agency should be included in this reporting entity.

C. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Net Assets and the Statement of Activities report financial information for the Bureau as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) grants received from state and local governments used to promote Southwest Louisiana; and (2) 4% occupancy tax revenue. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The Southwest Louisiana Convention and Visitors Bureau use funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The financial statements in this report are grouped into the following fund types:

One governmental fund type, a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

One fiduciary fund type, an agency fund used to account for the deferred compensation plan. Agency funds are custodial in nature and do not involve measurement of operations.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

The Bureau uses the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: occupancy tax, interest, dividends, and intergovernmental revenue.

The Bureau's records are maintained on a modified accrual basis of accounting, utilizing the following practices:

Revenues:

Revenues collected in the current period that was measurable and available as net current assets of the prior period are adjusted out of current revenue. Uncollected revenues that are measurable and available as net current assets of the current period are recognized as revenue.

Expenditures:

Expenditures are adjusted to record in the current period only those expenditures for which the related fund liability was incurred in the current period.

Advertising:

The Bureau elects to expense advertising cost as incurred. The advertising cost for the year ended December 31, 2008 amounted to \$1,552,605.

Pervasiveness of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Director and the budget committee submit to the Board of Directors a proposed budget prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

After a complete review the budget is approved. The Board must approve any revisions. Formal budgetary integration is employed as a management control device during the year. All budgetary appropriations lapse at the end of each fiscal year.

During the year ended December 31, 2008, budgeted amounts for revenues were increased approximately \$554,736 and expenditures were increased approximately \$156,291. The major part of the revenue changes is represented by an increase in occupancy tax from the amount originally budgeted. The major part of the expenditure changes is represented by increases in grants awarded and building maintenance as a result of Hurricane Ike. Encumbrance accounting is not used.

F. DEPOSITS AND INVESTMENT DEPOSITS

DEPOSITS

Deposits include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Bureau.

State statutes authorize the Bureau to invest in obligations of the US Treasury, US Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool. Investments in LAMP at December 31, 2008 totaled \$3,588,258.

Credit Risk. The Bureau's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). As of December 31, 2008, the Bureau has \$158,661 on deposit secured by collateral.

INVESTMENTS

As of December 31, 2008, the Bureau had the following investments and maturities.

<u>Investment Type</u>	<u>Investment Maturities</u> <u>(in Years)</u>	
	<u>Fair</u> <u>Value</u>	<u>Less</u> <u>Than 1</u>
Merrill Lynch	\$ 110,687	\$ 110,687

Interest Rate Risk. The Bureau does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Bureau's investments program is limited to purchases of securities issued or guaranteed by the U.S. Government and its agencies.

G. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or what historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	15 to 40 years
Improvements, other than building	5 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

H. COMPENSATED ABSENCES

The Bureau has the following policy related to vacation and sick leave:

The cost of current leave and sick pay are recognized as current year expenditures when leave is actually taken. Vacation and sick pay do not accrue from year to year.

I. BAD DEBTS

No reserve for uncollectible receivables had been recorded as of December 31, 2008, as all receivables were considered collectible.

J. FUND EQUITY

Designated fund balance:

Designated fund balances represent tentative plans for future use of financial resources. The Bureau has designated \$2,782,383 of its Special Revenue Fund equity for various special projects as explained in Note 6.

Note 2. Lease Agreement

The Bureau occupies property it has leased through a joint service agreement with the City of Lake Charles. The agreement provides the Bureau use of the land at no cost.

Note 3. Capital Assets

Capital asset activity for the year ending December 31, 2008 was as follows:

	Balance 1/1/08	Additions	Deductions	Transfer	Balance 12/31/08
Governmental activities:					
Building and grounds	\$ 2,053,820	\$ 4,225	\$ -	\$ -	\$ 2,058,045
Furniture and equipment	231,305	-	-	-	231,305
Transportation equipment	64,608	18,157	-	-	82,765
Totals at historical cost	2,349,733	22,382	-	-	2,372,115
Less accumulated depreciation:					
Building	56,363	61,270	-	-	117,633
Furniture and equipment	93,279	44,520	-	-	137,799
Transportation equipment	27,531	15,040	-	-	42,571
Total accumulated depreciation	177,173	120,830	-	-	298,003
Government activities capital assets, net	\$ 2,172,560	\$ (98,448)	\$ -	\$ -	\$ 2,074,112

Note 4. Long-Term Debt

Long-term debt is comprised of the following at December 31, 2008:

Excess Revenue Certificates of Indebtedness 2004
Series B payable to Argent Trust Company in the original amount of \$500,000; dated April 1, 2004; bearing a variable interest rate between 3.25% and 4.00%, payable July 1, 2004, and semi-annually thereafter on January 1 (principal and interest) and July 1 (interest) each year. The certificates are secured by and payable in principal and interest from irrevocable pledge and dedication of the excess of annual revenues of the issuer, those funds and monies of the issuer budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments, and the revenues, income, receipts and funds of the issuer

derived from any monies appropriated from any fund created in Chapter 2-B of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Revenues") of the issuer \$ 425,000

Summary of changes in long-term debt:

	Balance 12/31/07	Additions	Retirements	Balance 12/31/08	Due Within One Year
Excess revenue Certificate of Indebtedness 2004 Series B	\$ 500,000	\$ -	\$ (75,000)	\$ 425,000	\$ 80,000

On April 28, 2004, the Bureau issued \$400,000 in revenue bonds with a net interest rate of 3.00% to advance refund \$400,000 of outstanding 1998 series bonds with a net interest rate of 4.83%. The Bureau advance refunded the 1998 series bonds to reduce its total debt service payments over the next four years by approximately \$21,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,200. The Bureau also issued an additional \$500,000 in revenue bonds on April 28, 2004 to fund new projects.

The annual requirements to amortize all general obligation debt outstanding as of December 31, 2008, including interest of \$475,564, are as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2009	\$ 80,000	\$ 15,988
2010	80,000	13,388
2011	85,000	10,388
2012	90,000	7,200
2013	90,000	3,600

Note 5. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 2008.

Note 6. Unreserved-Designated Funds

The Board of Directors has designated fund balances to provide for the following projects:

Costume Fund	\$ 14,509
Vehicle Fund	95,597
Building maintenance improvements	144,342
Employee enhancement	21,228
Bond retirement fund	239,546
Major expenditure fund	646,311
Sports	296,750
CNT awards	1,062
Business continuity emergency	889,271
Fire alarm dispute	1,820
Advertising fund	347,861
Furniture/equipment replacement	25,637
Legal/professional fees	58,449
	<u>\$ 2,782,383</u>

Note 7. Occupancy Tax

Act 47 of the Louisiana Legislature authorized the Southwest Louisiana Convention and Visitors Bureau to levy and collect a 4% tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within its jurisdiction. The jurisdiction of the Bureau is composed of all the territory in Calcasieu Parish. The proceeds of the tax shall be used by the Bureau for the operation of the Bureau, and for the purpose of attracting conventions and tourists into the area, and jurisdiction of the Bureau including, but not limited to, the authority to spend money for advertising, promotion, and publication of information, or for any other purpose generally or specifically authorized for occupancy taxes in the parish by this Act 47 or by any local, special, or general law.

Note 8. Federally Assisted Grant Programs

Grant revenue received from the Louisiana Community Development Block Grant (CDBG) amounted to \$451,774. These programs are subject to compliance audits by the grantors or their representatives, and the Bureau's compliance with applicable grant requirements for the year ended December 31, 2008 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Bureau expects such amounts, if any, to be immaterial. The grants specify the purpose for which the funds may be used and are subject to audit by the granting agency or its representative using standards established under the Single Audit Act of 1984 and OMB Circular A-133.

Note 9. Deferred Compensation Plan

The Bureau offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Bureau employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

ING Financial Advisers, LLC is managing the 457 plan. The employee makes the choice of the investment options for the Section 457 plan.

A model Rabbi trust agreement has been established for Shelley Johnson, Executive Director. This plan is a nonqualified deferred compensation plan.

Note 10. Cooperative Endeavor Agreement

The Southwest Louisiana Convention and Visitors Bureau (Bureau) has entered into agreements with the Louisiana Department of Transportation (DOTD). The DOTD, with the assistance of the Federal Highway Administration (FHWA) has implemented a Louisiana Scenic Byways Program to improve the Creole Nature Trail. The costs of the projects are a joint participation between the FHWA and the Bureau, with the Bureau contributing the 20% match of the participating cost and the FHWA contributing, through the DOTD, the remaining 80% at the time of authorization.

On December 16, 1999, the Southwest Louisiana Convention and Visitors Bureau (Bureau) entered into a cooperative endeavor agreement with the Creole Nature Trail Scenic Byway District (District) related to the DOTD agreements. This agreement continues in effect. The District bound itself to the DOTD Agreements to the same extent as if it had been a party thereto and to undertake the projects described in the Agreements. The Bureau on behalf of the District applied for the grants for the projects described in the Agreements. The Bureau submits claims to the DOTD for reimbursement of 80% of the project costs and upon receipt of the funds, remits to the District a like amount. The District administers the grant funds, including the local matching funds and reports all disbursements to the Bureau quarterly.

During 2008 the Creole Nature Trail Scenic Byway District administered the following funds:

Revenue:

Intergovernmental revenue:

Louisiana Department of Transportation and Development and Federal Highway Administration	\$ 132,518
Southwest Louisiana Convention and Visitors Bureau	301,500
Miscellaneous	800
Interest	<u>12,937</u>
Total revenue	<u>447,755</u>

Expenditures:

Current operating:

Hurricane recovery	53,206
Marketing initiative	20,898
Travel	2,016
Hurricane Center	19,382
Seed grant	9,418
Professional fees	15,579
Business promotion	50,000
Turnouts	57,835
Miscellaneous	<u>5,396</u>
Total expenditures	<u>233,730</u>

Excess of revenue over expenditures	<u>\$ 214,025</u>
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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2008

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary comparison schedules - Special Revenue Fund

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

SPECIAL REVENUE

Year Ended December 31, 2008

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Occupancy tax	\$ 2,760,168	\$ 3,310,762	\$ 3,361,527
CDBG grant	533,253	451,774	451,774
Interest, dividends	54,500	80,841	78,864
Intergovernmental	750	750	750
Gift shop	24,000	17,000	17,853
Advertising revenues	15,000	47,176	47,176
Miscellaneous	800	1,425	1,419
Total revenues	<u>3,388,471</u>	<u>3,909,728</u>	<u>3,959,363</u>
Expenditures:			
Advertising, sales and promotions:			
Ad specialties	30,000	37,018	37,018
Film and video	6,000	5,272	5,321
Business promotion	243,500	223,500	225,504
Convention services	20,000	21,800	21,768
CDBG marketing program	508,715	429,260	451,774
Media advertising	360,000	473,224	475,693
Membership	25,000	22,300	22,326
Newsletter	36,000	18,171	18,170
Outdoor advertising	30,700	18,827	18,827
Postage	45,000	45,000	45,112
Printed literature	41,000	68,655	68,614
Telephone	25,000	22,357	23,498
Tradeshows, conferences and seminars	52,000	31,500	31,503
Travel	<u>156,000</u>	<u>107,500</u>	<u>107,477</u>
Total	<u>1,578,915</u>	<u>1,524,384</u>	<u>1,552,605</u>
Personnel services:			
Salaries-full time	680,262	636,675	617,184
Contract labor	1,188	1,985	1,985
Payroll taxes	65,056	47,550	47,929
Group insurance	<u>158,500</u>	<u>136,380</u>	<u>136,381</u>
Total	<u>905,006</u>	<u>822,590</u>	<u>803,479</u>

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

SPECIAL REVENUE

Year Ended December 31, 2008

	Budgeted Amounts		Actual
	Original	Final	
Expenditures (cont.):			
Operations:			
Accounting	30,000	14,000	14,000
Automobile	25,000	26,620	26,386
Building maintenance	29,000	254,100	224,928
Equipment contracts	60,000	61,625	62,671
Gift shop	17,000	17,000	17,335
Insurance-general	30,000	45,001	45,231
Legal fees	75,000	275,600	273,124
Miscellaneous	12,200	10,000	10,760
Office	42,500	42,500	42,153
Utilities	35,000	32,500	32,463
Vending	400	300	300
Total	<u>356,100</u>	<u>779,246</u>	<u>749,351</u>
Grants	<u>280,000</u>	<u>591,330</u>	<u>593,910</u>
Debt service:			
Interest expense and fees	-	20,127	20,127
Bond retirement	<u>210,750</u>	<u>75,000</u>	<u>75,000</u>
Total	<u>210,750</u>	<u>95,127</u>	<u>95,127</u>
Capital outlay	<u>23,400</u>	<u>21,707</u>	<u>22,382</u>
Total expenditures	<u>3,354,171</u>	<u>3,834,384</u>	<u>3,816,854</u>
FEMA/insurance	<u>-</u>	<u>219,126</u>	<u>374,983</u>
Excess of revenues over expenditures	34,300	294,470	517,492
Fund balances - beginning	<u>3,723,017</u>	<u>3,723,017</u>	<u>3,723,017</u>
Fund balances - ending	<u>\$ 3,757,317</u>	<u>\$ 4,017,487</u>	<u>\$ 4,240,509</u>

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2008

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CPDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Expenditures</u>
Louisiana Community Development Block Grant	14.228		\$ <u>451,774</u>

See accompanying notes to schedule of expenditures of federal awards.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2008

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Southwest Louisiana Convention and Visitors Bureau and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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Ottay J. Woods, Jr., CPA, Inactive
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CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Southwest Louisiana Convention and Visitors Bureau
Lake Charles, Louisiana

We have audited the financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2008, and have issued our report thereon dated June 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Southwest Louisiana Convention and Visitors Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Southwest Louisiana Convention and Visitors Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Southwest Louisiana Convention and Visitors Bureau's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, 08-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Southwest Louisiana Convention and Visitors Bureau's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Louisiana Convention and Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Southwest Louisiana Convention and Visitors Bureau's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Southwest Louisiana Convention and Visitors Bureau's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Busch

Lake Charles, Louisiana
June 18, 2009

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2008

08-01 Segregation of Duties

Condition: Because of the Bureau's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2008

07-01 Segregation of Duties

Condition: Because of the Bureau's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current status: See current year finding 08-01.

07-02 Retirement Contributions

Condition: The amount sent to Aetna for the second payroll of December, 2006 was for an amount greater than the withholdings and employer match for that pay period. The employee paid the Bureau these funds during 2007; however, a similar incident occurred in 2007 again resulting in the overfunding of the retirement account.

Recommendation: Management should review the calculation and payment process related to employee benefits to determine that current procedures provide the Bureau with the controls needed to ensure proper calculations and payment of these amounts.

Current status: No similar finding noted in 2008.

07-03 Payroll Tax Reporting and Remittance

Condition: Instances of the late payroll tax reporting and remittance were noted.

Recommendation: Procedures should be implemented requiring all payroll taxes to be remitted and all reports to be submitted within the timelines provided by the applicable governmental agency. The submissions should be reviewed by the appropriate personnel.

Current status: No similar finding noted in 2008.